

# **CORRECTED FISCAL NOTE**

## **SB 216 - HB 333**

March 28, 2005

**SUMMARY OF BILL:** Creates a 72-hour sales tax holiday beginning at 12:01 a.m. on the first Friday of each August. During this time, no sales tax would be imposed on any retail sales.

### **ESTIMATED FISCAL IMPACT:**

On February 7, 2005, we issued a fiscal note which indicated a decrease to state revenues of \$155.0 million and a decrease to local government revenues of \$50.0 million. Based on additional information provided to us, the estimated fiscal impact of this bill is:

#### **(CORRECTED)**

**Decrease State Revenues - \$155,000,000**

**Increase State Expenditures - \$74,000 One-Time**

**Decrease Local Govt. Revenues - \$50,000,000**

#### **Assumptions:**

- Estimated annual state sales tax collections of \$6,309.1 million in FY06.
- Estimated daily state sales tax collections of \$17.3 million for FY06.
- Unadjusted 72-hour sales tax base of \$741.0 million.
- Tennessee consumers will increase expenditures approximately 300% as a result of tax holiday.
- Adjusted sales tax base estimated at \$2,223.0 million.
- Estimated decrease in state revenues equal to \$155.6 million.
- Local option sales tax rate of 2.25%.
- Estimated decrease in local government revenues equal to \$50,000,000.
- One-time state expenditures for computer programming and software modifications are estimated at \$74,000.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director